



Judd Gregg, Chairman
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HOUSE-SENATE CONFERENCE COMMITTEE REPORTS 2006 BUDGET RESOLUTION AGREEMENT

WASHINGTON—Agreement on the 2006 Budget Resolution was reached today by Senate and House negotiators, Senate Budget Committee Chairman Judd Gregg (R-NH) announced today.

The \$2.6 trillion budget restrains long-term entitlement growth, reduces short-term deficits and puts in place strong enforcement tools to put the budget on a more responsible path.

“Successfully passing a budget is an important step toward addressing the challenges that face our nation,” Gregg said. “The essence of this budget comes down to whether we’re going to stick our children and grandchildren with a government they can’t afford. This budget takes a modest but important first step toward entitlement reform, cuts the short-term deficit in half, puts important tools in place so Congress can enforce spending discipline and improves transparency and good budget practices.”

The FY06 Budget Resolution:

Takes first steps to address the nation’s long-term financial crisis.

For the first time in nearly a decade, the budget takes a first step toward meaningful savings in mandatory government programs, which are driving out-of-control, long-term deficits. The 2006 Budget Resolution mandates long-term entitlement reform, contemplating crucial improvements in the efficiency of Medicaid and solvency of the Pension Benefit Guarantee Corporation, among other programs. The agreement also creates a new budget point of order against new long-term spending.

Cuts deficit in half in less than five years.

Meets the President’s goal of halving the deficit from the projected FY04 level of \$521 billion. The budget deficit reaches half in nominal terms by FY08 at \$254.4 billion and declines each year thereafter.

Provides enforcement on discretionary spending.

The budget sets three years of discretionary spending caps in the Senate, reducing non-defense accounts for the first time since 1996.

Establishes good budgeting practices.

Practices truth in budgeting by recognizing the need for adequate war funds; requests that federal program information be provided on an accrual basis; establishes a 60-vote hurdle for legislation that would saddle states with unfunded mandates; and limits unauthorized appropriations.

Fully funds the President's requests for defense and homeland security.

Provides \$439 billion for overall defense spending, which represents a \$17.1 billion increase, or 4.1 percent.

Maintains job-creating tax policy.

Provides for extending current tax policy such as dividend and capital gains rate reductions throughout the five-year budget and includes a reconciliation instruction allowing for quick consideration of \$70 billion in tax cuts.

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